

P P B S : W H A T , W H Y , A N D W H O

If you know not only what the initials PPBS, PFP, and PM stand for but also what they really mean, you probably either work with the new Planning-Programming-Budgeting System (PPBS) every day or recently attended one of the Field Support Officers Conferences where the system was explained. For the rest of you who may be interested in the new Government-wide effort to achieve better program planning and budgeting, we are passing on some of the high points of PPB which were presented at the conferences.

Deficiencies In Old System

What was wrong with the old annual budgeting system that caused the President last summer to introduce a new Government-wide planning-programming-budgeting system?

Among the most serious defects in the old budget system was its failure to identify accomplishments in an organized and specific way and to relate these accomplishments to ongoing programs and activities. Thus, it was very difficult to prune down or cut out activities which has outlived their usefulness.

It also failed to elicit an agency's best thinking as to the most promising new things to be done and costs of new undertakings beyond the budget year, and finally, the old system failed to provide enough time for evaluation, review, and decision by top officials on budgetary problems. It tended to become a one-shot approach. Too

many decisions got made in the last moments of the hustle and bustle of getting out estimates. People were concerned with whether to undertake a new activity, and at the same time they were haggling over how much it would cost.

The new Planning-Programming-Budgeting System is designed to correct these deficiencies.

The New System

Within the framework of total national needs, the President furnishes overall policy guidance to agency heads for developing a comprehensive multiyear program and financial plan for his review and decision as to possible alternatives. Specifically, the system seeks to identify the objectives of programs; to relate their dollar, manpower, and other resource requirements in a realistic way to their objectives; to look ahead beyond the budget year for financial implications; and to separate the decision on whether or not from the question of how much.

Changing To PPBS

The changeover to the new system has been greatly facilitated by the fact that our Director who recently resigned had been one of the outstanding innovators in the field of forward planning and placed great emphasis upon it in the Organization. He instituted the planning effort now referred to as the Long Range Plan and continued to stress forward program planning and systematic analysis of alternative objectives and programs.

In addition, the Organization was in an advantageous position to implement PPB because of several other important factors. We have had for several years a budget which presents Organization programs on an activity basis, and several components of the Organization have been engaged for a number of years in planning activities. Finally, we have had the advantage of a flexible accounting system.

Last fall in order to implement PPB, planning officers were appointed for each directorate. The Office under the Executive Director-Comptroller, known as Budget, Program Analysis, and Manpower, was reorganized as the Office of Planning, Programming, and Budgeting.

As the first task, O/PPB, working with the directorate planning officers, worked up statements of Organization goals and objectives. They then turned to the development of an instruction known as the Combined Program Call, which was issued concurrently with the Organization's Planning Assumptions and Statement of Goals and Objectives.

Combined Program Call

The Combined Program Call asked that the ongoing programs of each office and division and of each directorate, as a whole, be written up in detail. The "Call" also requested a detailed description of proposed new programs--research or support activities, projects, operations--plus feasible alternatives that should or might be considered in achieving the objectives of proposed new

programs. In addition to these descriptions of programs and proposals, the Combined Program Call provides for associated financial and manpower schedules which project through fiscal year 1972. These programs and accompanying financial and manpower data were to be organized on an activity or functional basis called program categories similar to those used in previous budget estimates.

A New Dimension To Program Planning

The Combined Program Call introduced a new dimension in Organization program planning called Target Area Analysis. The Director will now have available to him a breakdown of the Organization's operations and activities according to area or country targets against which operations are conducted. He will be able to tell the President: This is how much I am spending on Africa. Target Area Analysis covers only four program categories, including a new one--Information Processing and Exploitation. RD&E and program-wide categories have not been included because of the difficulty of relating these to target areas.

Program Review and Analysis

Under the new system the review of the programs includes close scrutiny concerning objectives, measures of effectiveness, financial data, and treatment of alternatives. PPB System analyses will be made in depth on a year-round basis, using such techniques as operations research, systems analysis, and cost benefit analysis.

As a result of the program review and analysis, the Director's attention is focused on problems and issues which he should consider in deciding the Organization's program and posture for next year, and the year after, and--where appropriate--through 1972. The Director's decisions are embodied in a series of papers for the Bureau of the Budget.

The Program And Financial Plan

The Bureau of the Budget instructions call for the preparation of two basic documents. The first, called the Organization's Program and Financial Plan, consists of a multi-year plan showing the program levels approved by the Director. The PFP is organized into two parts, both of which are laid out according to the Program Budget structure. One part is a tabulation of program outputs, and the second consists of a tabulation of program costs.

Program outputs are a quantified and specific expression of what is produced by a given activity. Identification of valid program outputs for the Organization has proven difficult thus far, and further study is planned.

The second part of the Program and Financial Plan consists of estimates of financial requirements by fiscal year--the type of projection usually made during the spring preview process.

Program Memorandum

The second type of document prepared for the Budget Bureau is called a Program Memorandum. This spring, O/PPB prepared one Program

Memorandum for each of the six program categories, plus one overall summary paper. Each paper included an analysis of the activities or projects within a program category and the decisions and recommendations of the Director for at least five forward years.

What PPB Means To The Support Officer

In two headquarters area divisions support officers have been assigned as division executive officers. In this capacity the support officer will function as a kind of "chief of staff" for Planning-Programming-Budgeting within the division. Drawing upon the best thinking of the officers of the branches and special staffs of the division and upon the various support specialists assigned to the division, he will function as an integrator or coordinator of program planning in support of the division chief. The division chief will make the decisions. The support officer assigned as executive officer will make it possible for the division chief to make effective decisions.

By analogy, to the extent the field stations get involved in Organization PPB-- and they must increasingly, if the effort is to be effective--the senior support officer in the station is in a position to take the lead in assisting the station chief of make effective recommendations to his area division chief on program planning.

Other officers of the Support Directorate's Career Services who are specialists--in contrast to the support generalists--also make a substantial contribution. A finance officer, for example, must provide his best judgment for the entire range of financial data--obligations, expenditures, and cost estimates--which are key elements in program planning as well as budgeting. Similarly, the professional judgments of specialists in security, personnel, logistics, communications, and other support fields must be brought to bear in the planning process. This may be accomplished directly by support specialists assigned to components outside their Career Service parent office and through the advice from the support offices to other Organization components. In addition, each support office is engaged in program planning of its own which must be, for best results, synchronized with the total Organization programs. As one example, the plans of the Office of Personnel, Security, Medical Services, and Training must closely harmonize with total Organization personnel requirements.

PPB And QRC

One of the greatest assets of our Organization is its tremendous capability to react quickly to meet critical situations as they arise. Therefore, it is absolutely essential that, in furthering the cause of better management, we do not tie up the Organization in a bundle of red tape. On the other hand, much of

what we do can and should be planned well in advance. Thus, it is extremely important that we do the best possible job of forward planning while retaining the flexibility and quick reaction capability that makes our Organization uniquely valuable to our Government and the kind of organization of which we are all proud.